MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BLE2074 – LABOUR ECONOMICS

(All sections / Groups)

5 MARCH 2020
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FIVE (5)** structured questions excluding cover page.

2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

Question 1

(a) Illustrate graphically the individual firm in a perfectly competitive and monopsonist labour market assuming both are selling its product as perfect competitive. Correctly label all relevant curves and indicate the wage rate and employment level for both labour markets in the diagram.

(10 marks)

(b) Explain compensating wage differentials and discuss **FOUR (4)** sources of compensating wage differentials.

(10 marks)
(Total: 20 marks)

Question 2

Read the following passage:

"882 undocumented immigrants in Sabah to be deported On Thursday (Dec 12)"

KOTA KINABALU: Sabah National Security Council (NSC) is set to depot 882 people back to their own countries in an ongoing effort to curb the undocumented immigrant problem in the state. Sabah NSC director Sharifah Siti Saleha Habib Yussof said the latest batch being deported on Thursday (Dec 12) comprises 763 Filipinos and 119 Indonesians. "We are carrying out deportation exercises in stages as part of our efforts to overcome the problem. We have been carrying out such deportation exercises regularly and it has never been stopped at any point." She said in a statement Wednesday (Dec 11). She said such operations were carried out with the Immigration Department, police, Health Department and other agencies under a special task force. So far this year, the state NSC has coordinated the deportation of 12,237 undocumented immigrants to their home country, adding up to 590,351 people sent back since 1990.

Source: Muguntan Vanar (December 11, 2019). The Star Online.

Answer the following questions.

(a) Discuss the impact of the undocumented immigrants on domestic employment and wages in the low-wage labour market with the help of a diagram. Can we conclude that the undocumented immigrants accept jobs that domestic workers will not take and employment of undocumented immigrants decreases the employment of domestic workers on a one-for-one basis? Explain.

(10 marks)

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(b) The migration of labour from Indonesia to Malaysia will have positive and negative effects toward both countries. Explain the effects when:
(i) the workers who migrate are unemployable.
(ii) the workers who migrate leave jobs in Indonesia.

(10 marks)
(Total: 20 marks)

Question 3

(a) Explain why the union and firm prefer the efficient contracts model as compared to monopoly union model.

(10 marks)

(b) Choose **FOUR (4)** conditions that make workers joined the labour union.

(10 marks)
(Total: 20 marks)

Question 4

(a) 'Part of the gender wage gap is the result of rational choices made by women.' Describe this statement by giving **THREE (3)** points.

(9 marks)

(b) 'In contrast to the taste for discrimination model, statistical discrimination may persist because those who practice it are beneficiaries.' Interpret this statement by distinguish the two models.

(11 marks)
(Total: 20 marks)

Question 5

(a) The unemployment rate increases as the economy enters a recession period. Is this measure an accurate indicator of the change in unemployment? Discuss in terms of added-worker effect and discouraged-worker effect.

(10 marks)

(b) Explain the frictional unemployment and **TWO (2)** sources of frictional unemployment.

(10 marks)
(Total: 20 marks)

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